

Message Text

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ACTION NEA-10

INFO OCT-01 EA-12 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FEAE-00 FPC-01 H-02 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-15
OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-10 /126 W
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R 071232Z SEP 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 5887
AMEMBASSY SINGAPORE
INFO AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

UNCLAS NEW DELHI 12530

E.O. 11652: N/A
TAGS: ENRG EMIN IN
SUBJECT: OFFSHORE OIL EXPLORATION

1. A GOI MINISTRY OF PETROLEUM OFFICIAL HAS INFORMED THE
EMBASSY'S RESOURCES ATTACHE THAT THE GOI IS STILL
RECEPTIVE TO PROPOSALS BY FOREIGN OIL COMPANIES FOR
OFFSHORE EXPLORATION ON EITHER A PRODUCTION SHARING OR CONTRACT
DRILLING BASIS. THIS WAS DESPITE THE RECENT EXPERIENCE WITH THE
TWO US FIRMS -- READING AND BATES AND NATOMAS/CARLSBERG WHICH
RELINQUISHED THEIR OFFSHORE CONCESSIONS THIS YEAR
AFTER HAVING DRILLED ONLY THREE WELLS, ALL DRY.

2. FIVE OFFSHORE BLOCKS ARE NOW OPEN FOR EXPLORATION.
THESE INCLUDE THE KUTCH BASIN, KERALA IIIA AND KERALA IIIB
ON THE WEST COAST AND THE GODAVARI AND THE BAY OF BENGAL ON
THE EAST COAST.

3. THE MAHANADI BLOCK ON THE EAST COAST HAS BEEN
RESERVED FOR OIL INDIA LIMITED (OIL), A JOINT SECTOR COMPANY
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(50 PERCENT GOI AND 50 PERCENT BURMAH OIL OF THE UK).
THIS REPORTEDLY INCLUDES AN AREA OF 19,000 SQ.KM. OFFSHORE AND
AN ADJACENT 12,000 SQ.KM. ONSHORE. HOWEVER, WE DO NOT ANTICIPATE
ANY WORK BEING TAKEN UP BEFORE THE GOI HAS FINALIZED THE TAKEOVER
OF OIL NOW UNDER NEGOTIATION.
OIL OFFICIALS ARE OPTIMISTIC THAT THE TAKEOVER WILL BE COMPLETED
BEFORE THE END OF THIS CALENDAR YEAR. A

CONTRACT FOR SEISMIC WORK IS TO BE AWARDED AS SOON AS THE GOI AND BURMAH OIL HAVE REACHED AN AGREEMENT. OIL OFFICIALS HAVE ALSO TALKED TO A NUMBER OF US FIRMS REGARDING A POSSIBLE OFFSHORE DRILLING CONTRACT.

4. THE CANADIAN ASAMERA GROUP IN WHICH THE OIL AND NATURAL GAS COMMISSION (ONGC) HAS A 35 PERCENT SHARE RETAINS ITS CONCESSION IN THE CAUVARY BASIN OFF THE SOUTH EASTERN COAST OF INDIA. THE COMPANY RECENTLY COMPLETED ITS FIRST WELL WHICH TURNED OUT TO BE DRY. ASAMERA AND ONGC OFFICIALS PLAN TO EVALUATE THE DATA FROM THIS WELL BEFORE PROCEEDING FURTHER. DISCOURAGED BY THE LACK OF ANY HYDROCARBON SIGNS IN THEIR FIRST WELL AND THE DISAPPOINTING RESULTS OF SRI LANKA'S EXPLORATION EFFORTS IN THE ADJOINING CONTINENTAL SHELF AREA, THERE IS SOME QUESTION WHETHER OR NOT ASAMERA WILL CONTINUE OPERATIONS IN INDIA ACCORDING TO RECENT PRESS REPORTS. SHOULD ASAMERA DECIDE TO PULL OUT, ONGC MAY TAKE UP FURTHER DRILLIN THE CAUVARY BASIN ON ITS OWN.

5. TODATE, SEVERAL FOREIGN OIL COMPANIES INCLUDING UNION OIL (US) HAVE EXPRESSED EXPLORATION INTEREST IN THE KERALA AREA. THE FRENCH ARE ALSO MAKING A STRONG BID FOR A JOINT INDO-FRENCH COLLABORATION IN OFFSHORE OIL EXPLORATION AND DEVELOPMENT. THEY HAVE RECENTLY COMPLETED A THREE DAY OFFSHORE SYMPOSIUM IN BOMBAY AND ONE DAY IN NEW DELHI IN UNCLASSIFIED

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WHICH 18 FRENCH COMPANIES DEMONSTRATED THEIR LATEST TECHNOLOGY AND EQUIPMENT.

6. COMMENT: WE HAVE THE IMPRESSION THAT THE GOI WOULD PREFER TO SEE PROPOSALS COMING FROM THE MAJORS RATHER THAN THE SMALL INDEPENDENT OIL COMPANIES WHICH OFTEN HAVE LIMITED RESOURCES AT THEIR DISPOSAL. THIS NO DOUBT STEMS FROM THE GOI'S RECENT EXPERIENCE WITH READING AND BATES AND WITH NATOMAS/CARLSBERG. ONGC NOW OPERATING IN THE BOMBAY HIGH AND SAURASHTRA BASINS REPORTEDLY INTENDS TO TAKE UP DRILLING OPERATIONS IN THE CONCESSIONS FORMERLY HELD BY THESE TWO COMAPNIES. BY THE SAME TOKEN, WE ARE TOLD THAT THESE TWO BLOCKS ARE NOT NECESSARILY EXCLUDED FROM FURTHER EXPLORATION BY FOREIGN FIRMS IF THE TERMS AND CONDITIONS OF THEIR PROPOSALS ARE SUITABLE TO THE GOI. ACCORDING TO THE GOI OFFICIAL THE ANDAMAN AND NICOBAR ISLANDS WILL NOT BE ASSIGNED TO FOREIGN COMPANIES PRESUMABLY LEAVING THIS AREA TO EITHER ONGC OR OIL TO DEVELOP. A SEISMIC SURVEY OF THIS AREA WAS RECENTLY COMPLETED BY DRESSER ATLAS (US).GOHEEN

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Message Attributes

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Disposition Comment:
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Disposition Event:
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